



# **Nexam Chemical Holding AB (publ)**

Interim Financial Statements for Quarter 1, January–March 2014

# Background and Introductory Comments

## Nexam Chemical

Nexam develops technology and products that make it possible to significantly improve the properties and performance of most types of plastics in a cost-effective manner and with the same production technology intact. The properties that are improved include temperature resistance and service life. The property improvements that can be achieved by using Nexam's technology make it possible to replace metals and other heavier and more expensive materials with plastics in a number of different applications. Nexam was founded in July 2009 after a management buy-out of a

crosslinker project from the Perstorp Group. By then, Perstorp had put a number of years into the development of the project, but decided to divest its involvement in the field to instead focus on aldehyde-based chemistry. Nexam currently has 14 employees in Sweden and nine in Scotland. The Company's head office and R&D are in Lund, Sweden, but its production takes place in St. Andrews, Scotland.

## Ongoing partnerships and customer projects

Since Nexam's technology was introduced in 2009, a number of development projects and collaborations have been entered into with a

range of leading parties, of which several are world leaders in their respective niches. They include BASF, Repsol, IRPC, Sumitomo, ABB, NASA and Rolls-Royce. Nexam currently works with 18 of the world's 100 largest chemical and materials companies.

## Vision and mission

Nexam's vision is to be a recognised world leader in the field of property modification of plastic and polymer materials via heat-activated crosslinking.

## The Quarter at a Glance

### Operations:

- BASF and Nexam entered into a two-year exclusive agreement for the commercialisation of crosslinkable nylon 66.
- Nexam entered into a three-year exclusive supply agreement with Armacell concerning PET foam. Nexam products were delivered to Armacell during the quarter.
- Tests in regular production on the premises of the customer with respect to a special nylon for use in applications such as mobile phones and tablets have been conducted, and the customer remains interested.
- Extensive discussions on cooperation agreement and forms of cooperation for commercialising crosslinkable polyolefins with one of Nexam's partners from the PO-CROSS Project are ongoing.
- Nexam has hired an agent in Europe to sell Nexam products to converters for purposes such as upgrading of recycled PET and polyethylene.
- Heightened interest in and increased demand for Nexam's technology among both foreign and domestic companies with respect to materials such as PET, polyamide and polycarbonate.

- Nexam's cooperation with three select contract manufacturers is proceeding with increased intensity. Preparations are being made to produce Nexam's products on a multi-tonne scale.
- Nexam has initiated chemical tests of several select products to be able to meet regulatory requirements for upcoming commercialisation and upscaling of production.
- Nexam's patent application for the production of EBPA granted in Europe.
- Nexam's patent application for the unique molecule MEPA granted in South Africa.
- Nexam's patent application for the unique molecule MEPA granted in the US.
- The Board of Directors of Nexam has decided to begin preparing the Company to change its listing from NASDAQ OMX Stockholm First North to NASDAQ OMX Stockholm Small Cap.
- Nexam Chemical Holding AB (publ) completed a directed new issue of 3,000,000 new shares in mid-March, which brought in SEK 67.5 million for the Company before issuing costs. The proceeds of the new share issue are planned to be used to finance and enable a continuing high rate of expansion and development of the Company, its markets and its products.

### Financial & legal:

- Net sales for the period totalled SEK 120 thousand (SEK 203 thousand). Profit/loss before tax for the period came in at SEK -7,631 thousand (SEK -6,487 thousand).
- The total assets were at the end of the period SEK 112,572 thousand (SEK 70,286 thousand), with cash and cash equivalents accounting for SEK 91,866 thousand (SEK 56,038 thousand).
- The cash flow for the period was SEK 59,358 thousand (SEK 48,822 thousand), which was driven by the new share issues both last year and this year. Cash flow from operating activities for the quarter was SEK -5,044 thousand (SEK -4,505 thousand), which is an improvement over the normal figure of around SEK -7.5 million per quarter. This is attributable to a temporary fluctuation in working capital.

## Key figures for the Group

|  | Jan–Mar<br>2014 | Jan–Mar<br>2013 | Jan–Dec<br>2013 |
|--|-----------------|-----------------|-----------------|
| Net sales (SEK thousand)                 | 120             | 203             | 2,547           |
| Operating profit/loss (SEK thousand)     | –7,603          | –6,463          | –26,790         |
| Cash and cash equivalents (SEK thousand) | 91,866          | 56,038          | 32,511          |
| Equity (SEK thousand)                    | 101,189         | 62,842          | 43,523          |
| Equity per share before dilution (SEK)   | 2.06            | 1.47            | 0.93            |
| Equity/asset ratio (%)                   | 89.9            | 89.4            | 79.8            |
| Return on equity (%)                     | neg             | neg             | neg             |
| Total assets (SEK thousand)              | 112,572         | 70,286          | 54,516          |
| Quick ratio (%)                          | 1,415.0         | 1,028.0         | 599.9           |
| Average number of basic shares           | 49,180,000      | 42,875,556      | 47,015,419      |
| Average number of diluted shares         | 49,790,179      | 42,875,556      | 47,364,575      |
| Basic earnings per share (SEK)           | –0.16           | –0.15           | –0.56           |
| Diluted earnings per share (SEK)         | –0.16           | –0.15           | –0.56           |
| Closing share price (SEK) *              | 23.90           | –               | 10.30           |

\* The Company was introduced on the stock exchange on 23 April 2013.

## Significant events after the end of the period

- Project commenced with major European special nylon manufacturer.
- Two confidentiality agreements entered into and projects jointly started with an elastomer manufacturer and a major European defence industry supplier.
- The HICTAC Clean Sky Project has progressed positively. Another potential customer (in addition to Rolls Royce) is expressing great interest in testing the material. New results indicate that several new application areas will be opened up.
- The next generation modified injection-moulding tool has been developed and curing tests with it are underway.
- Sale of NEXIMID 200 (EPA) to a new Japanese customer that has commenced commercialisation of materials for the electronics industry.
- Samples of mDOB product have been delivered to several potential customers in Europe and also in China for testing and qualification.

Message from the CEO

# Time for commercialisation!

In the first quarter of this year, BASF announced that the company is now entering a commercialisation phase for crosslinkable nylon 66 containing Nexam's crosslinkers. After just over two years of constructive cooperation between Nexam and BASF, we have now reached the point where products will be put on the market for testing – this is very exciting! I believe that Nexam's products have great potential in the future to penetrate key parts of the nylon market.

We consider it very positive for Nexam that BASF is the first one to move forward, since they are one of the global leaders in nylon 66. We believe that this is just the first of several similar introductions in the future of crosslinkable plastics from several large companies, since there are around ten other large companies currently testing Nexam's crosslinkers in nylon 6, nylon 12 and other specialty nylons.

In February, Nexam entered into an exclusive three-year supply agreement with Armacell, which is the market leader in PET foam. Armacell has indicated that they plan on launching products containing our crosslinkers on the market in 2014 and that they successively will need larger volumes of crosslinkers from Nexam. PET foam is a relatively new material on the market, which is exhibiting strong growth, because it is taking market shares from foam based on other plastics. Applications where PET foam is used today include wind power, vehicles and buildings. PET foam makes up a small portion of the entire polyester market, which gives you an indication of how much more there is for Nexam to work with out there. Please see the

in-depth section of the previous report for more information. We are working internally on optimising crosslinking technology for polyester resin, including PET and PBT. The first customers to enter the test phase will most likely be some of the major polyester resin producers, but also some other companies involved in recycling plastic. Our European agent hired in the first quarter has a special task to develop business involving polyesters and polyolefins, since we believe that there are business opportunities in the near term for Nexam's products in these areas.

Nexam was informed by the American and South African patent offices that they will grant Nexam's patent for the unique molecule NEXIMID 500 (MEPA). This molecule is crucial in the development of crosslinkers for various nylons, among other things. The European Patent Office also informed Nexam during the past quarter that it will be granted a process patent for the production of NEXIMID 400 (EBPA).

The EBPA patent is important for protecting the production of one of the key components of the new high-temperature resin under development with Rolls Royce and Swerea SiComp among others. See this report's in-depth section for more info about the polyimide market. Nexam is planning to launch the new high-temperature resin, which has excellent properties, on the market during the year.

A directed new share issue was completed in March to secure a strong balance sheet going forward. The new share issue brought in SEK 67.5 million for the company before issu-

ing costs. The proceeds are planned to be used to finance and enable a continuing high rate of expansion and development of the Company, its markets and its products. The Company will increase the size of its workforce during the year to be able to cope with the activities of the coming years.

In the near term, we are focusing on supporting the major projects underway and commencing several commercialisation phases during the year. In addition, we are going to work with several new large companies that have contacted us after the end of the year. We are working in parallel on preparing the Company to change its listing to NASDAQ OMX Stockholm Small Cap.

Per Palmqvist Morin  
CEO, Nexam Chemical AB

*” In the near term, we are focusing on supporting the major projects underway and commencing several commercialisation phases during the year ”*



## In-depth: Nexam's High-Temperature Project

### Introduction

The first patent applications involving polyimides were filed in 1959 and 1960 in the US and Europe. A few years later, in 1964–65, DuPont applied for a patent for what at the time was a new material it had developed, Kapton, Vespel and Pyre-ML. These are materials that are currently used in areas such as insulation films in electronics, electrical insulators that could withstand high temperatures and coating for conductors (in power cords, electric motors etc.).

For those who were sceptical about the deficient properties of thermoplastics in the 1950s and 60s, products made out of polyimide materials were a surprise. The polyimide material had great heat resistance (thermal stability) in a way that previously was unknown for a polymer.

The first polyimide that was produced in large commercial quantities was KAPTON® by DuPont. This material consisted of the cornerstones PMDA and ODA (pyromellitic dianhydride and oxydianiline) and is primarily used in the electronics industry. The Kapton films are easily recognisable due to their yellowish-brown or orange colour and are usually found in a variety of different electronic products. Large volumes are also used as wire coating in electrical conductors (copper wires). The coating is also recognisable here due to its brownish colour that is typical in electric coils in applications such as electric motors and generators.

### Use and properties of polyimides

Polyimide plastics are lightweight, flexible, resistant to heat and chemicals. One application area that illustrates the material's properties is flexible cables (an insulating film on a copper conductor), which are used in applications such as laptops. This is the cable that connects the logic board to the display (and must flex each time the laptop is opened or closed). Polyimides are also used in the semiconductor industry as high-temperature adhesive, photoresist for producing both printed circuit boards and computer processors, as well as insulation film between the conducting layers of computer processors. The combination of very good resistance towards heat, chemicals, UV etc are necessary properties for it to function.

Hot pressing (sintering) was often used to process the early developed polyimides into components. Because of their high mechanical stability even at elevated temperatures, they are used in components such as bushings, bearings, sockets and construction parts in demanding applications, sometimes with integrated lubricants. Polyetherimide is a form of polyimide that is easier to process and can also be injection-moulded, spun or extruded into finished components.

The material's properties are also illustrated by use in areas such as dust separation in fumes from boilers and incinerators. Polyimide is also the most common material used for membranes for osmotic filtration during water purification. One interesting anecdote is that the IKAROS spacecraft launched by JAXA in 2012 uses a "solar sail" made out of KAPTON instead of rocket engines for a continuous thrust in its journey into outer space. IKAROS was however launched in the traditional way and the "solar sail" was not deployed until it was above the atmosphere.

### Market

The total volume of polyimides and polyetherimides is 40–50,000 tonnes per year divided up into segments as shown in the table below. Growth is high, estimated at 4–6% per year on average between 2007 and 2017, and growth is forecast to be more likely to increase than decrease after 2017, depending on the growth of the aerospace, electronics and automotive markets.

### Polyimides and polyetherimides per application area in 2007 and 2017 (forecast) in thousands of tonnes.

|                                  | 2007 | 2017 forecast |
|----------------------------------|------|---------------|
| Vehicles                         | 16.2 | 22.8          |
| Aerospace and defence            | 1.8  | 2.5           |
| Consumer products                | 0.5  | 0.6           |
| Electrical and electronics       | 12.1 | 19.8          |
| Industrial                       | 3.4  | 4.2           |
| Medical equipment and healthcare | 0.7  | 1             |

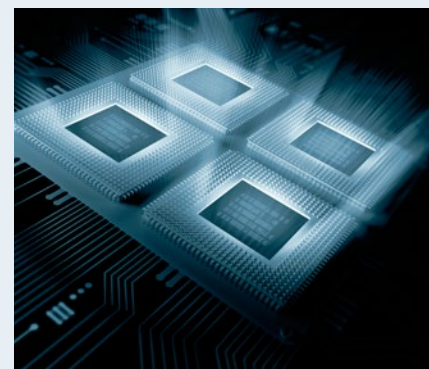
Source: The Future of Specialty Plastics. Market forecasts to 2017 made by Smithers-RAPRA 2012.

### Nexam's products in this area

Nexam has a product portfolio (NEXIMID 100–500) geared toward both polyimides and polyetherimides. The products consist of crosslinkers used for different types of applications and which make processing significantly easier or in some cases possible, in cases that used to be impossible, increase production speed and component quality, give the material significantly better chemical and mechanical properties and improve insulation properties. Some of the products are protected by patents or patent protection is pending.

The different crosslinkers for polyimides enable crosslinking at different temperatures (from 200°C to over 400°C) and thus afford the user great freedom to customise the product quality of the components manufactured. We collaborate with several major polyimide manufacturers for evaluation and qualification of Nexam's products into customer's products. Some qualification processes have already been completed and more are expected in the near future.

In addition, Nexam has, together with an American customer, developed a polyimide plastic for volume products, with properties suited for the aerospace and electronics industry. The resin has thus far shown very good results in evaluations as part of an ongoing EU project together with Rolls-Royce and Sicomp. The resin is one of a few with the highest heat performance imaginable and probably one of a kind for "cheap" mass production of high-temperature composites (RTM, Resin Transfer Moulding or injection) designed for hot application areas in the aerospace and automotive industries.



# Operations during the Quarter

**During the quarter, our operations performed well in many ways.**

**Some of the most important events were:**

- BASF and Nexam Chemical have jointly decided to initiate the commercialisation phase for a new crosslinkable material based on nylon 66 and Nexam's crosslinkers. BASF has been given two-year market exclusivity, on the condition that it buys a certain minimum volume of Nexam products during the contract term. Nexam products were delivered to BASF during the quarter.
- Nexam has entered into a three-year supply agreement with Armacell, the world's largest producer of PET foam. Armacell has exclusivity for the use of Nexam's crosslinkers for PET foam, on the condition that it buys a certain minimum volume of Nexam products during the contract term. Nexam products have been delivered to Armacell during the quarter.
- Sale of NEXIMID 100 (PEPA) to a US-based customer.
- Several other US-based customers are continuing to qualify NEXIMID 100 (PEPA).
- A large Korean electronics manufacturer has commenced evaluation of NEXIMID products.
- Tests have been conducted in regular production on the premises of the customer with respect to a specialty nylon for use in applications such as mobile phones and tablets. The customer has continued to express interest in evaluating Nexam's technology and new tests are planned.
- Extensive discussions on cooperation agreements and forms of cooperation for commercialising crosslinkable polyolefins, e.g. polyethylene for pipes, with one of Nexam's partners from the PO-CROSS Project are ongoing.
- Nexam has hired an agent in Europe to sell Nexam products to converters for purposes such as upgrading of recycled PET and polyethylene. We have already identified several interesting business opportunities together with potential customers.
- Heightened interest and increased demand for Nexam's technology among both foreign and domestic companies. The new projects currently being discussed include improvements in the properties of PET (for construction applications), polyamide (tubes and automotive industry) and polycarbonate.
- Nexam's cooperation with three select contract manufacturers is proceeding with increased intensity and preparations are being made to produce Nexam's products on a multi-tonne scale.
- Nexam has initiated chemical tests of several select products to be able to meet regulatory requirements for upcoming commercialisation and upscaling of production. The tests are conducted in accordance with the requirements under Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (Reach) and other similar legislation in countries such as Japan and the US.
- In accordance with changed regulations for companies with chemical activities, Nexam has submitted an activity report to the competent authority.
- Nexam's patent application for the production of EBPA was granted in Europe. This patent is important, because EBPA is key for the high-temperature resin Rolls Royce is evaluating.
- Nexam's patent application for the unique molecule MEPA granted in South Africa.
- Nexam's patent application for the unique molecule MEPA granted in the US.
- The Board of Directors of Nexam has decided to begin preparing the Company to change its listing from NASDAQ OMX Stockholm First North to NASDAQ OMX Stockholm Small Cap.
- Nexam Chemical Holding AB (publ) completed a directed new issue of 3,000,000 new shares in mid-March, which brought in SEK 67.5 million for the Company before issuing costs. The proceeds of the new share issue are planned to be used to finance and enable a continuing high rate of expansion and development of the Company, its markets and its products.



# Financials

## Sales and profit

Net sales for the period was SEK 120 thousand (SEK 203 thousand), with the majority coming from sales of NEXIMID 100 (PEPA) to an American customer. The rest of the sales came from sales of development products (NEXIMID and NEXAMITE products) to potential customers in Korea and Europe. The Group's revenue during the quarter amounted to SEK 190 thousand (SEK 839 thousand), with the portion of revenue from grants amounting to SEK 0 (SEK 636 thousand).

Personnel expenses during the quarter totalled SEK -3,226 thousand (SEK -2,765 thousand). The increase is caused by an increase in staffing in Sweden and Scotland in comparison to the same period last year. This is an effect of the build-up of the plastics processing laboratory in Lund and the increased rate of production in Scotland. Other operating expenses totalled SEK -3,281 thousand (SEK -3,167 thousand), consistent with the same period last year. Profit/loss before tax for the quarter was SEK -7,631 thousand (SEK -6,487 thousand).

## Personnel and organisation

Nexam has increased the number of employees in Sweden in comparison to the same period during the past year from 12 to 14. This is due to the build-up of a plastics processing laboratory in Lund and a high level of activity of the Company. The number of employees of Nexam St. Andrews has gone from four, at the end of Q1, 2013, to nine at the end of Q1, 2014. This is also due to a high level of activity of the Company.

## Investments

The investments during the period consist of investments in laboratory equipment. A total of SEK 0.5 million was invested during the year.

## Cash flow

As a result of the new share issue, cash flow for the period amounted to SEK 59,358 thousand (SEK 48,822 thousand). The net cash flow from operating activities during the period was SEK -5,044 thousand (SEK -4,505 thousand), of which the change in working capital was SEK 1,969 thousand (SEK 1,261 thousand), primarily due to increased accounts payable and increased inventories, as well as a reduction in accounts receivables during the period.

## Liquidity and financing

As of the balance sheet date on 31 March 2014, cash and cash equivalents totalled SEK 91,866 thousand (SEK 56,038 thousand). The Group brought in SEK 67.5 million before issuing costs in March in conjunction with a new issue of 3 million shares. Non-current liabilities consist of interest-bearing loans from the Bank of Scotland for the operations of Nexam St. Andrews Ltd.

## Balance sheet

Since Nexam reports in compliance with K3, an adjustment has been made for finance leases in the balance sheet. This means that the leases are recognised as fixed assets and current liabilities. Since this does not affect the cash flow, an adjustment has been made in the cash flow statement, which entails only the increased lease fees that were paid being included in the Net cash flow from investing activities line item.

# Financial Statements

| <b>Income Statement for the Group</b>     |                 |                 |                 |
|---|-----------------|-----------------|-----------------|
| (SEK thousand)                            | Jan–Mar<br>2014 | Jan–Mar<br>2013 | Jan–Dec<br>2013 |
| Operating income                          | 190             | 839             | 5,457           |
| Raw materials and consumables             | –558            | –946            | –3,020          |
| Personnel expenses                        | –3,226          | –2,765          | –12,923         |
| Other operating expenses                  | –3,281          | –3,167          | –13,734         |
| Depreciation, amortization and impairment | –728            | –424            | –2,570          |
| <b>Operating profit/loss</b>              | <b>–7,603</b>   | <b>–6,463</b>   | <b>–26,790</b>  |
| Net finance income/expenses               | –28             | –24             | 282             |
| <b>Profit/loss after financial items</b>  | <b>–7,631</b>   | <b>–6,487</b>   | <b>–26,508</b>  |
| Tax on profit for the year                | 0               | 0               | –5              |
| <b>Profit/loss for the period</b>         | <b>–7,631</b>   | <b>–6,487</b>   | <b>–26,513</b>  |

| <b>Balance Sheet for the Group</b>  |                |               |               |
|-------------------------------------|----------------|---------------|---------------|
| (SEK thousand)                      | 31/03/2014     | 31/03/2013    | 31/12/2013    |
| <b>Assets</b>                       |                |               |               |
| <b>Fixed assets</b>                 |                |               |               |
| Intangible assets                   | 3,531          | 2,930         | 3,572         |
| Tangible assets                     | 12,204         | 7,754         | 12,367        |
| Financial assets                    | 5              | 30            | 5             |
| <b>Total fixed assets</b>           | <b>15,740</b>  | <b>10,714</b> | <b>15,944</b> |
| <b>Current assets</b>               |                |               |               |
| Inventories                         | 3,343          | 2,048         | 2,824         |
| Other current assets                | 1,623          | 1,486         | 3,237         |
| Cash and bank balances              | 91,866         | 56,038        | 32,511        |
| <b>Total current assets</b>         | <b>96,832</b>  | <b>59,572</b> | <b>38,572</b> |
| <b>Total assets</b>                 | <b>112,572</b> | <b>70,286</b> | <b>54,516</b> |
| <b>Equity and liabilities</b>       |                |               |               |
| <b>Equity</b>                       | <b>101,189</b> | <b>62,842</b> | <b>43,523</b> |
| <b>Liabilities</b>                  |                |               |               |
| Non-current liabilities             | 4,776          | 1,847         | 5,034         |
| Current liabilities                 | 6,607          | 5,597         | 5,959         |
| <b>Total liabilities</b>            | <b>11,383</b>  | <b>7,444</b>  | <b>10,993</b> |
| <b>Total equity and liabilities</b> | <b>112,572</b> | <b>70,286</b> | <b>54,516</b> |



### Changes in equity

| (SEK thousand)                           | Jan–Mar<br>2014 | Jan–Mar<br>2013 | Jan–Dec<br>2013 |
|--|-----------------|-----------------|-----------------|
| Equity at the start of the period        | 43,523          | 15,676          | 15,676          |
| New share issues and subscription rights | 67,500          | 53,850          | 53,820          |
| Issuing costs                            | -2,136          | 0               | 0               |
| Non-cash issue                           | 0               | 13,737          | 13,737          |
| Cost of non-cash issue                   | 0               | -13,687         | -13,687         |
| Profit/loss for the period               | -7,631          | -6,487          | -26,513         |
| Translation difference                   | -67             | -247            | 490             |
| <b>Equity at the end of the period</b>   | <b>101,189</b>  | <b>62,842</b>   | <b>43,523</b>   |

### Cash Flow Statement for the Group

| (SEK thousand)  | Jan–Mar<br>2014 | Jan–Mar<br>2013 | Jan–Dec<br>2013 |
|---|-----------------|-----------------|-----------------|
| Cash flow from operating activities before changes in working capital | -7,013          | -5,766          | -23,572         |
| Changes in working capital  | 1,969           | 1,261           | -1,198          |
| <b>Net cash flow from operating activities</b>                        | <b>-5,044</b>   | <b>-4,505</b>   | <b>-24,770</b>  |
| Net cash flow from investing activities                               | -473            | -306            | -2,933          |
| Net cash flow from financing activities                               | 64,875          | 53,633          | 52,930          |
| <b>Net cash flow for the period</b>                                   | <b>59,358</b>   | <b>48,822</b>   | <b>25,227</b>   |
| Cash and cash equivalents at the start of the period                  | 32,511          | 7,265           | 7,265           |
| Translation difference in cash and cash equivalents                   | -3              | -49             | 19              |
| <b>Cash and cash equivalents at the end of the period</b>             | <b>91,866</b>   | <b>56,038</b>   | <b>32,511</b>   |

### Income Statement for the Parent Company

| (SEK thousand)                           | Jan–Mar<br>2014 | Jan–Mar<br>2013 | Jan–Dec<br>2013 |
|--|-----------------|-----------------|-----------------|
| Operating income                         | 1,335           | 0               | 4,776           |
| Personnel expenses                       | -701            | 0               | -2,198          |
| Other operating expenses                 | -529            | 0               | -2,561          |
| <b>Operating profit/loss</b>             | <b>105</b>      | <b>0</b>        | <b>17</b>       |
| Net finance income/expenses              | 0               | 0               | -2              |
| <b>Profit/loss after financial items</b> | <b>105</b>      | <b>0</b>        | <b>15</b>       |
| Tax on profit for the year               | 0               | 0               | -5              |
| <b>Profit/loss for the period</b>        | <b>105</b>      | <b>0</b>        | <b>10</b>       |

### Balance Sheet for the Parent Company

| (SEK thousand)                      | 31/03/2014     | 31/03/2013     | 31/12/2013     |
|-------------------------------------|----------------|----------------|----------------|
| <b>Assets</b>                       |                |                |                |
| <b>Fixed assets</b>                 |                |                |                |
| Financial assets                    | 243,990        | 243,990        | 243,990        |
| <b>Total fixed assets</b>           | <b>243,990</b> | <b>243,990</b> | <b>243,990</b> |
| <b>Current assets</b>               |                |                |                |
| Other current receivables           | 572            | 0              | 698            |
| Cash and bank balances              | 67,838         | 50             | 1,314          |
| <b>Total current assets</b>         | <b>68,410</b>  | <b>50</b>      | <b>2,012</b>   |
| <b>Total assets</b>                 | <b>312,400</b> | <b>244,040</b> | <b>246,002</b> |
| <b>Equity and liabilities</b>       |                |                |                |
| <b>Total equity *</b>               | <b>309,519</b> | <b>244,040</b> | <b>244,050</b> |
| <b>Liabilities</b>                  |                |                |                |
| Current liabilities                 | 2,881          | 0              | 1,952          |
| <b>Total liabilities</b>            | <b>2,881</b>   | <b>0</b>       | <b>1,952</b>   |
| <b>Total equity and liabilities</b> | <b>312,400</b> | <b>244,040</b> | <b>246,002</b> |

\* Parent company equity

|  |         |         |         |
|--|---------|---------|---------|
| Opening equity 1/1                       | 244,050 | 0       | 0       |
| New share issue                          | 67,500  | 50      | 50      |
| Issuing costs                            | -2,136  | 0       | 0       |
| Non-cash issue                           | 0       | 243,990 | 243,990 |
| Profit/loss for the period               | 105     | 0       | 10      |
| Closing equity on the balance sheet date | 309,519 | 244,040 | 244,050 |

Lund, 14 May 2014

Board of Directors

These financial statements have not been audited by the Company's auditor.

# Share Capital, Shares and Ownership

Nexam's share capital totals SEK 995,769.23 divided up on 51,780,000 outstanding shares. The Company only has one class of shares and all shares have equal rights to dividends. The Company's subsidiary, Nexam Chemical AB, has issued 7,280 share warrants to the staff divided up into three employee share option schemes with redemptions in 2016, 2017 and 2018. The warrants were issued at market conditions. Each warrant entitles the holder to subscribe to a warrant in the subsidiary, Nexam Chemical AB. Nexam has entered into an agreement with the warrant holders concerning a right for Nexam to acquire any subscribed shares in the subsidiary in exchange

for payment in the form of 182,5034 newly issued shares in Nexam for each newly issued share in the subsidiary. If all share warrants are used to subscribe for shares in the subsidiary, Nexam will issue a total of 1,328,625 shares as payment. The newly issued shares would be equal to approximately 2.5% of the share capital given the current number of outstanding shares.

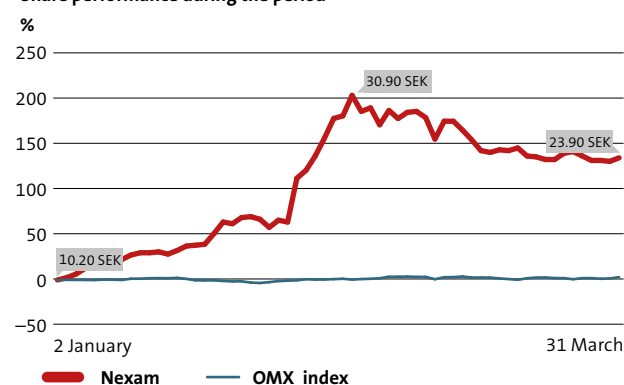
The shares of Nexam Chemical Holding AB were listed on NASDAQ OMX First North in Stockholm on 23 April 2013. A diagram is presented below which depicts the performance of the turnover and price of the shares between 23 April 2013 and 31 March 2014. Just over 33

million shares have been turned over during the first quarter of 2014, which is equivalent to just over 67 % of the total number of outstanding shares. The average price during the period was SEK 23.86 per share. The number of shareholders as of 31 March was 8,565, an increase of just over 2,500 shareholders since the end of the year. A breakdown of changes in share capital and a list of owners as of 31 March can be found below. For more information, please refer to the company description and annual report from 2013 that can be found on Nexam's website, [www.nexam.se](http://www.nexam.se).

| Action            | Change in share capital (SEK) | Accumulated share capital (SEK) | Change (number of shares) | Accumulated number of shares | Quota value (SEK) |
|-------------------|-------------------------------|---------------------------------|---------------------------|------------------------------|-------------------|
| Company formation | 50,000                        | 50,000                          | 50,000                    | 50,000                       | 1                 |
| Split             |                               | 50,000                          | 2,550,000                 | 2,600,000                    | 0.02              |
| Non-cash issue    | 888,077                       | 938,077                         | 46,180,000                | 48,780,000                   | 0.02              |
| New share issue   | 57,692                        | 995,769                         | 3,000,000                 | 51,780,000                   | 0.02              |

| Shareholders   | Shares            | Percent       |
|--|-------------------|---------------|
| UBS AG on behalf of client                           | 4,276,318         | 8.3%          |
| Lennart Holm, via company                            | 2,591,596         | 5.0%          |
| Insurance company, Avanza Pension                    | 2,528,613         | 4.9%          |
| Richard Tooby, private and via company               | 2,132,266         | 4.1%          |
| Per Palmqvist Morin, private, via company and family | 2,070,569         | 4.0%          |
| Jan-Erik Rosenberg, private and via company          | 2,048,866         | 4.0%          |
| Daniel Røme, via company                             | 2,000,237         | 3.9%          |
| Nordnet Pensionsförsäkring AB                        | 1,809,929         | 3.5%          |
| Michael Karlsson, private and via family             | 1,701,421         | 3.3%          |
| AMF Aktiefond Småbolag                               | 1,590,107         | 3.1%          |
| <b>Other shareholders</b>                            | <b>29,030,078</b> | <b>56.1%</b>  |
| <b>Total</b>   | <b>51,780,000</b> | <b>100.0%</b> |

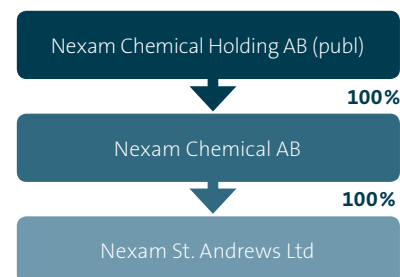
Share performance during the period



Nexam Chemical Holding AB's shares were listed on NASDAQ OMX First North on 23 April 2013. The ticker symbol is NEXAM and the ISIN code is SE0005101003. For more information about our shares, go to [www.nexam.se](http://www.nexam.se).

## Group Structure and Additional Information

Nexam Chemical Holding AB is a Swedish public limited liability company and its corporate ID no. is 556919-9432. The group of companies consists of Nexam Chemical Holding AB, wholly-owned subsidiary Nexam Chemical AB (corporate ID no. 556784-6711) and Nexam Chemical AB's subsidiary in Scotland, Nexam St. Andrews Ltd. (corp. ID no. SC410830).



## Accounting Principles

The Group applied BFNAR (the Swedish Accounting Standards Board's General Advice) 2012:1 (K3) for the first time when drawing up its annual report and consolidated accounts for 2012. The transition to K3 caused certain changes to the income statement. The parent company did not apply any voluntary exceptions from retroactive application of K3, and so translation has occurred with full retroactive effect. The

accounting principles applied are the same as those used in the 2013 annual report. For more information, see the Group's annual report of 2013.

These financial statements have not been audited by the Company's auditor.

## Definitions

### Equity/asset ratio

This ratio shows how large the proportion of assets financed internally is. The ratio of equity and untaxed reserves (less deferred tax liability) to total assets.

### Quick ratio

This ratio shows the Company's short-term solvency. Current assets excluding inventories in proportion to current liabilities.

### Return on equity

Profit/loss after tax divided by average equity (opening equity plus closing equity divided by two).

### Average number of shares

calculated in accordance with IAS33. The calculations have been performed on the basis of a mathematical adjustment of the historic number of outstanding shares, including warrants.

## Risks and uncertainties

The Group's operations are affected by a number of factors which can result in a risk for the Group's operations and profit. For more info about

the Company's risks and uncertainties, see the company description on Nexam's website and the annual report for 2013.

## Estimates and Judgements

To be able to draw up the financial statements, the Board of Directors and Management make judgements and assumptions that affect the Company's profit and position, as well as other information given.

Estimates and judgements are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations about future events that can be reasonably expected under pre-

vailing conditions. The actual outcome may differ from the judgements made. The areas where estimates and assumptions could lead to a significant risk of adjustments to the figures reported for profit/loss and financial position in future reporting periods are primarily judgements about market conditions and thus the value of the Group's fixed assets.

# Financial Calendar

## Upcoming events 2014

|                  |                                      |
|------------------|--------------------------------------|
| 14 May 2014      | Annual general meeting               |
| 14 May 2014      | Interim Financial Statements Q1 2014 |
| 21 August 2014   | Interim Financial Statements Q2 2014 |
| 10 November 2014 | Interim Financial Statements Q3 2014 |
| February 2015    | 2015 year-end report Q1–Q4           |

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